# The Real Estate ANALYST

SEPTEMBER 30
1955

Volume XXIV


© by ROY WENZLICK & CO., 1955


Number 42

*Real Estate Economists, Appraisers and Counselors*


## BUILDING BOOM LIFTS RETAIL SALES

IT not only takes a heap of living to make a home - it takes a heap of lumber. New homes also need furniture and appliances, and most of them are built where a man has to have at least one automobile to get back and forth to work. A lot of families need two.

While this is by no means the whole story in rising retail sales of lumber yards, furniture and appliance stores, and automobile dealers, there is no question that the present building boom has contributed important support to the sales volume in these lines.

Total retail sales over the entire country are running 8% ahead of last year. This comparison is based on the $103 billion volume for the first 7 months of this year against $95.5 billion during the same period in 1954. Retail sales in lumber yards, however, are up 21% over last year, while furniture stores and automobile dealers' sales are up 18% and 21%, respectively. Nearly all retail lines are going ahead at a record pace, the most notable exception being stores selling bakery goods. There, sales are off 6% from last year.

Within smaller areas - metropolitan areas for instance - retail sales vary tremendously and are subject to quick change. Automobile sales in the Boston area and the Providence area showed modest gains of 6% and 4%, respectively, compared with the national gain of 21%, and gains of 55% in Sacramento and 41% in St. Louis.

Most lumber dealers have been doing splendidly, but some areas have been much better than others. Los Angeles retail lumber sales are running 34% ahead of last year, while those in Washington, D. C., and Birmingham are doing almost as well, with gains of 33%. On the other end are areas like Norfolk, where lumber dealers have had to get by with a 6% rise in sales, and Kansas City, where they did a little better, scoring a 9% gain over their sales volume of a year ago (all of these comparisons are for January-July 1954 vs. January-July 1955).

Birmingham was also far out in front with a gain in furniture sales of 33%. Its nearest big-city competition came from Pittsburgh, where furniture sales

have risen 18%. On the other extreme, the midwestern drought has apparently extended to Kansas City furniture dealers. Sales there are off 7%.

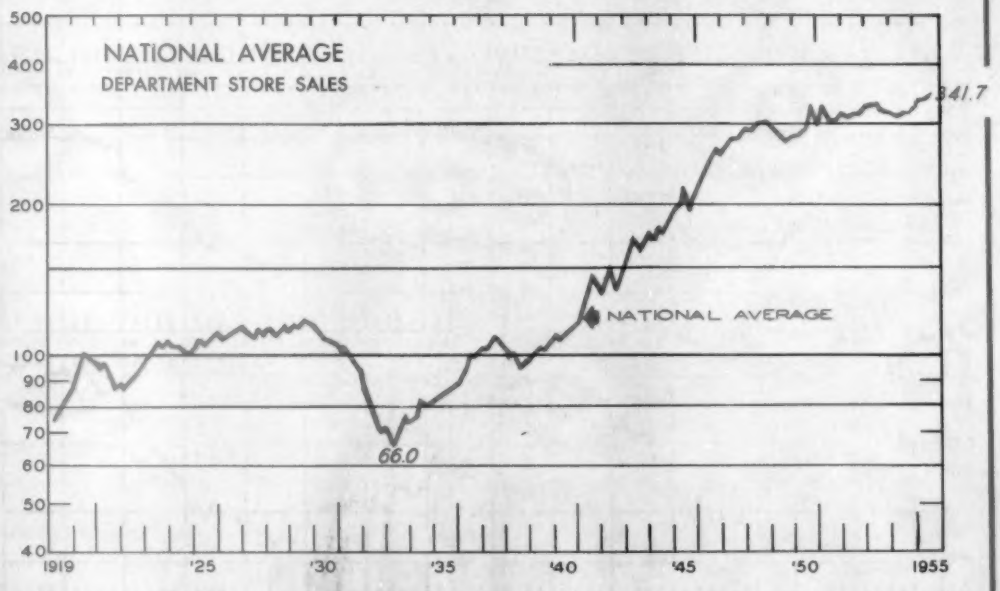
There are a good many other variations in retail sales from one area to another. One that doesn't seem reasonable at long distance is the 22% gain in San Francisco retail shoe stores compared with no change in shoe sales across the Bay in Alameda County. Jewelry stores in New York scored a gain of 24%, a 1% loss for those in Northeastern New Jersey. Bars and taverns showed a loss of 10% in Milwaukee, and a gain of 28% in Minneapolis and St. Paul.

Gasoline service station sales have shown a 9% gain over last year. Within the major metropolitan areas the variations have ranged from a 19% gain in Buffalo to an 8% loss in Boston.

All of this means very little to the residential real estate broker. On the other hand, leasing agents and owners of commercial properties as well as their mortgagees should keep up to date on local trends in retail sales. The national picture is too big and contains too many variations to be much help at the local level.

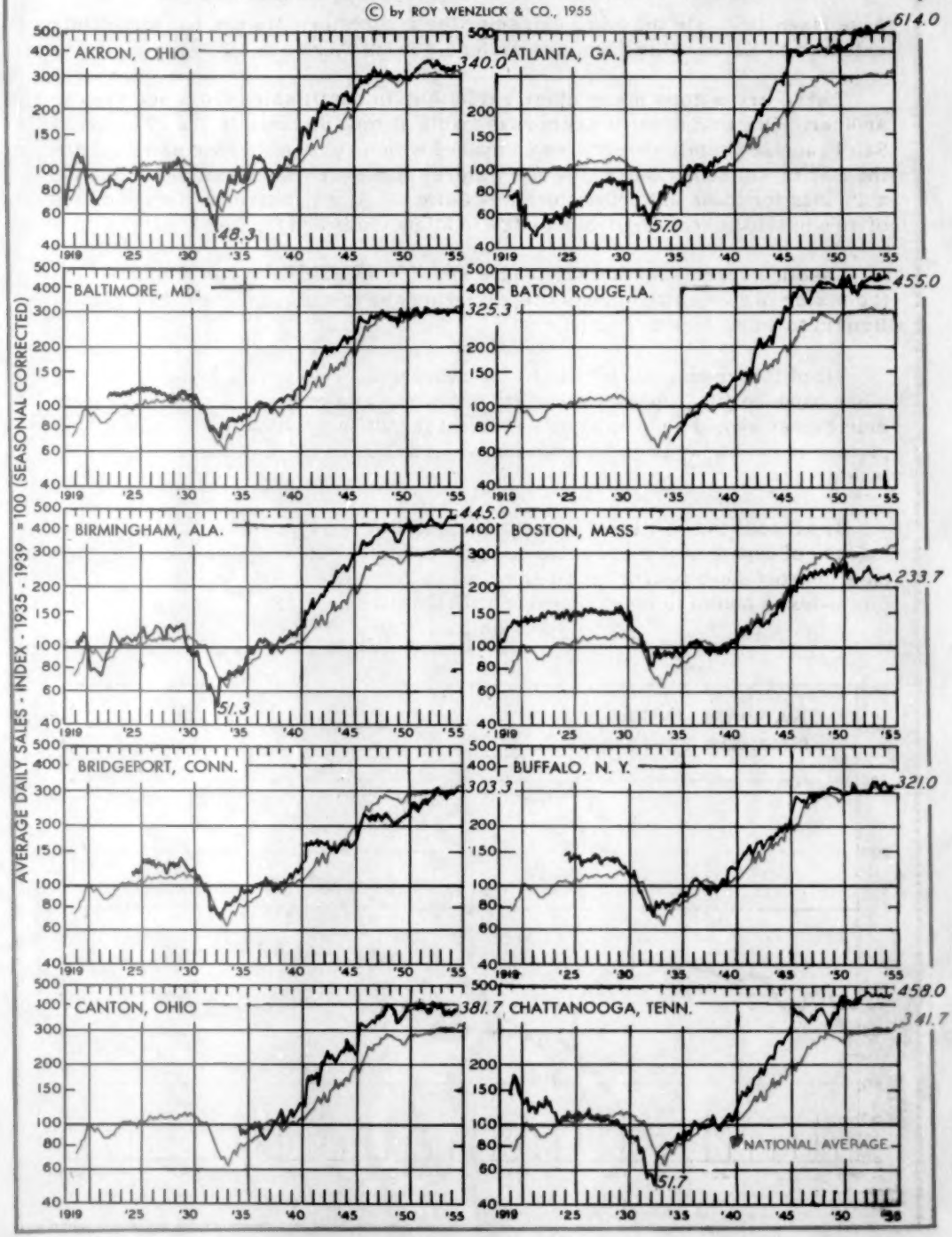
By all odds the best series of data on retail sales are the seasonally corrected indexes of department store sales compiled by the Federal Reserve Banks. We have charted these figures for 80 principal cities on pages 397 through 404. Each city index is shown in blue compared with the national average, which is shown

(cont. on page 405)



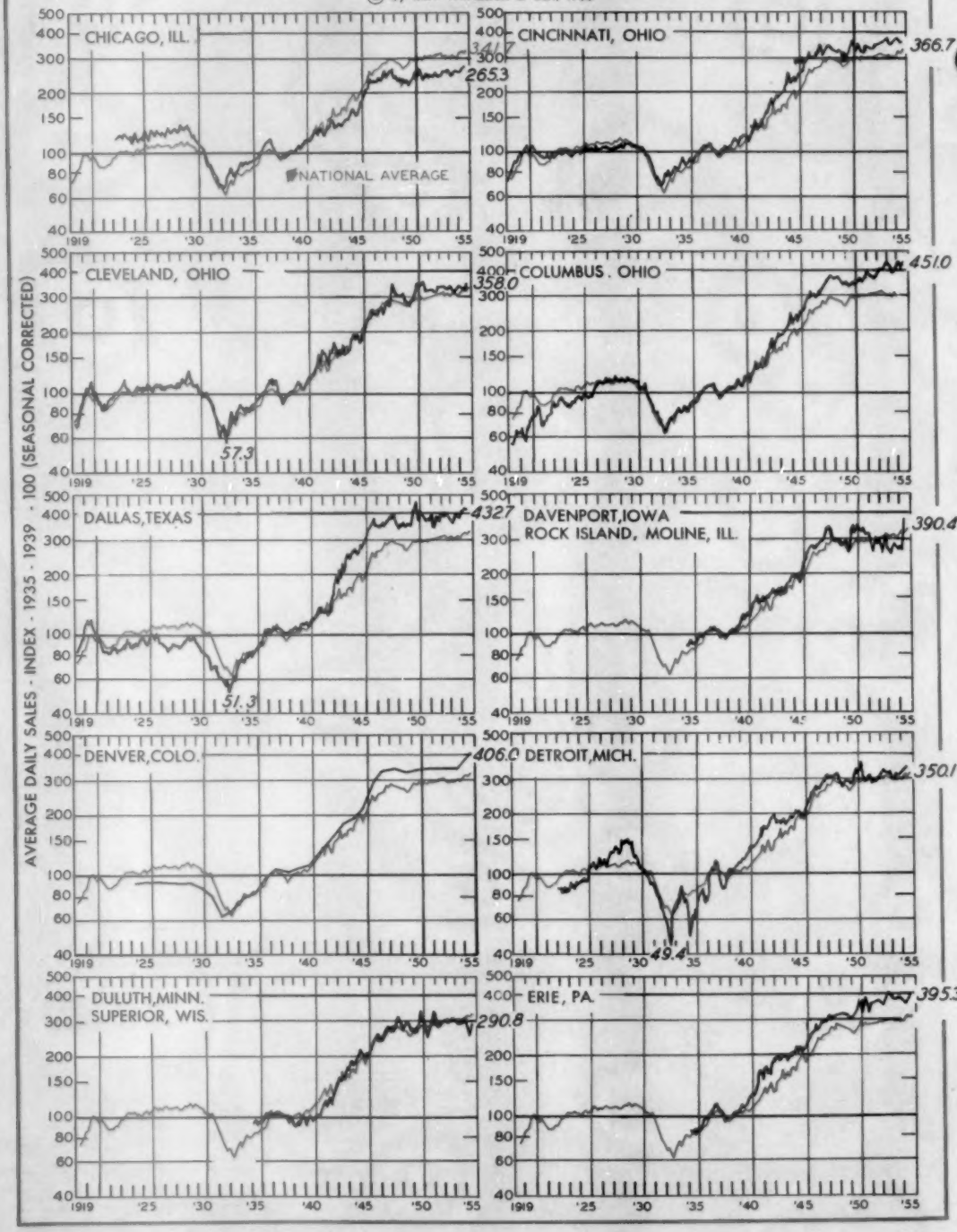
# DEPARTMENT STORE SALES IN PRINCIPAL CITIES

© by ROY WENZLICK & CO., 1955



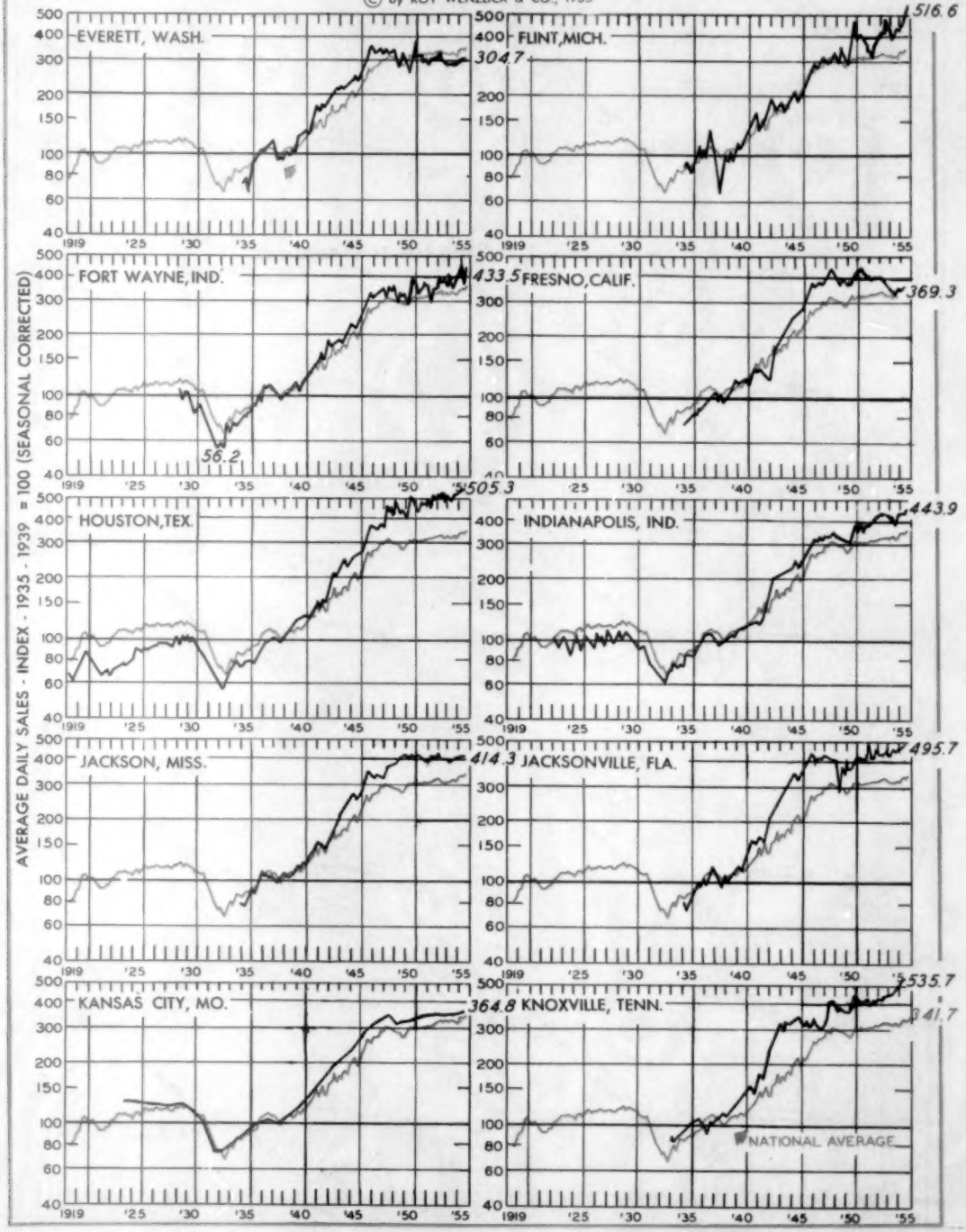
# DEPARTMENT STORE SALES IN PRINCIPAL CITIES

© by ROY WENZLICK & CO., 1955



# DEPARTMENT STORE SALES IN PRINCIPAL CITIES

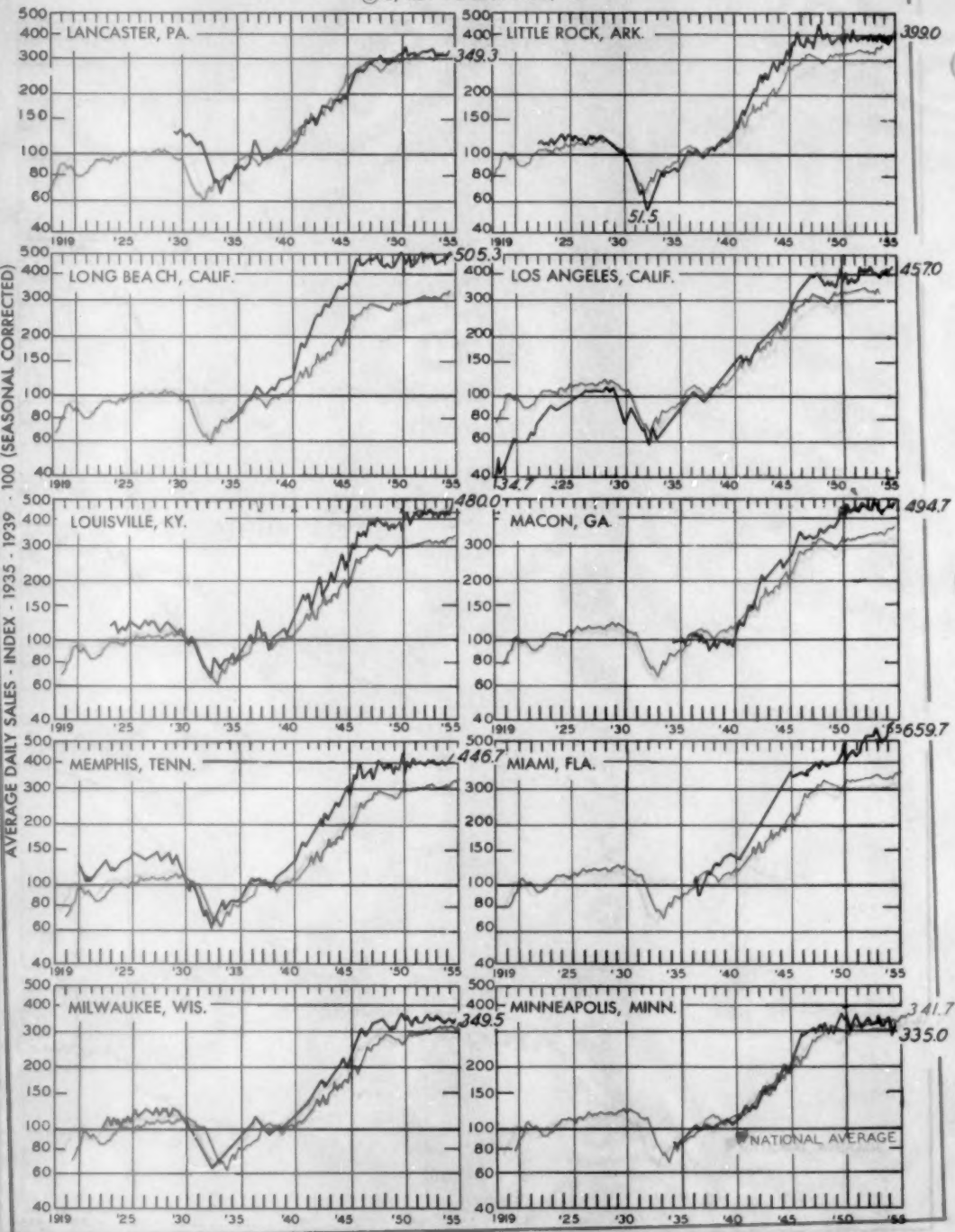
© by ROY WENZLICK & CO., 1955



# DEPARTMENT STORE SALES IN PRINCIPAL CITIES

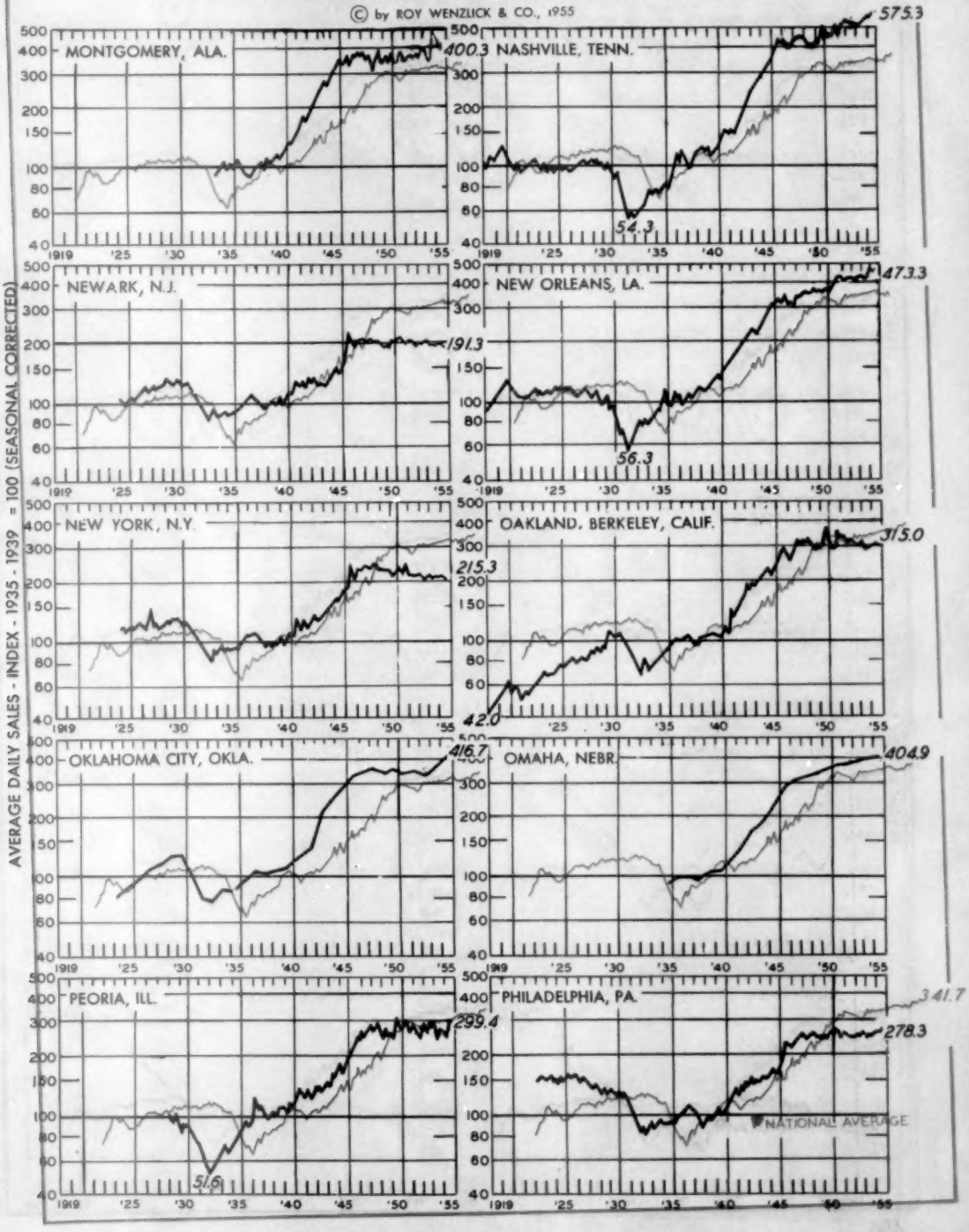
© by ROY WENZLICK & CO., 1955

AVERAGE DAILY SALES - INDEX - 1935 - 1939 - 100 (SEASONAL CORRECTED)



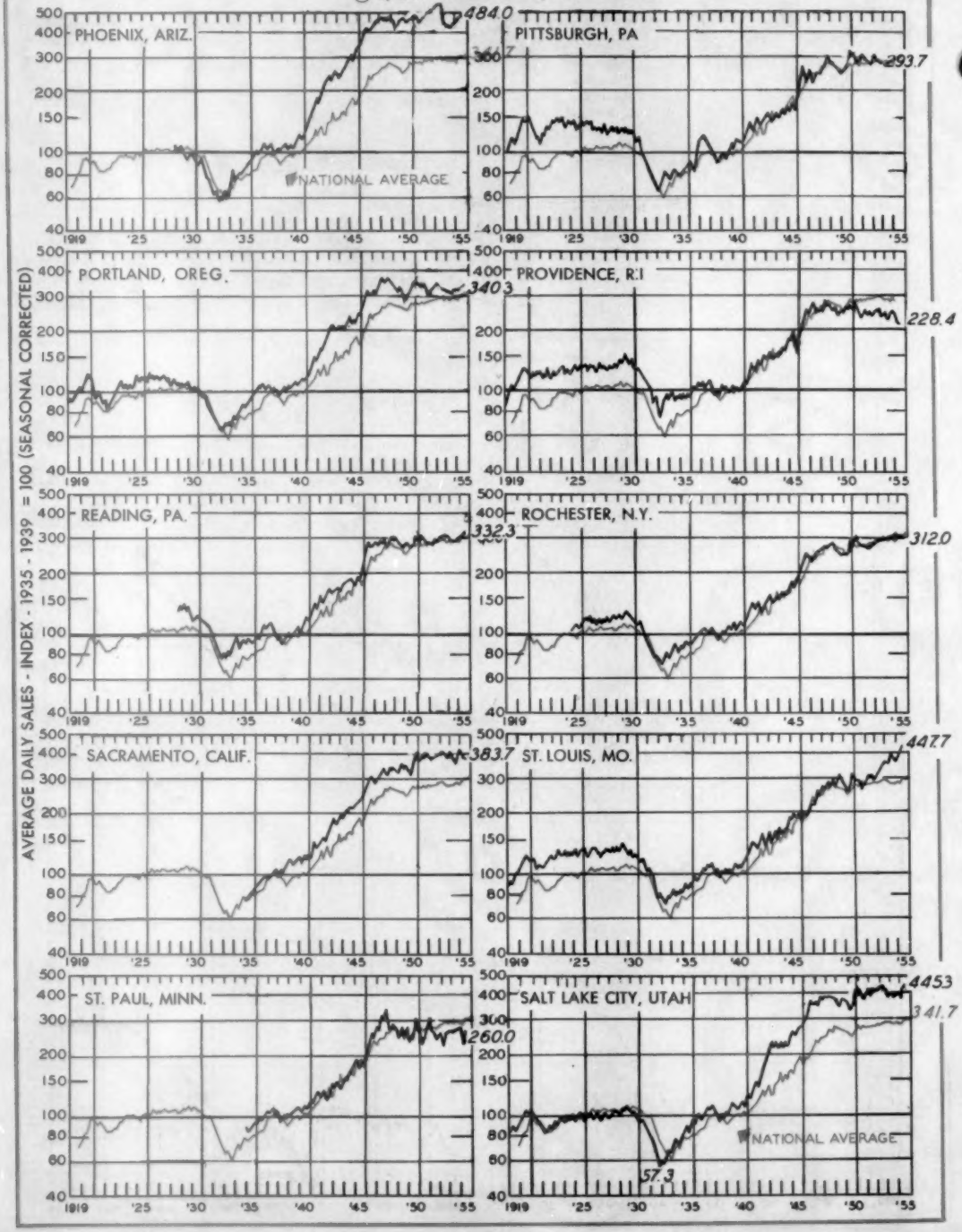
# DEPARTMENT STORE SALES IN PRINCIPAL CITIES

© by ROY WENZLICK & CO., 1955



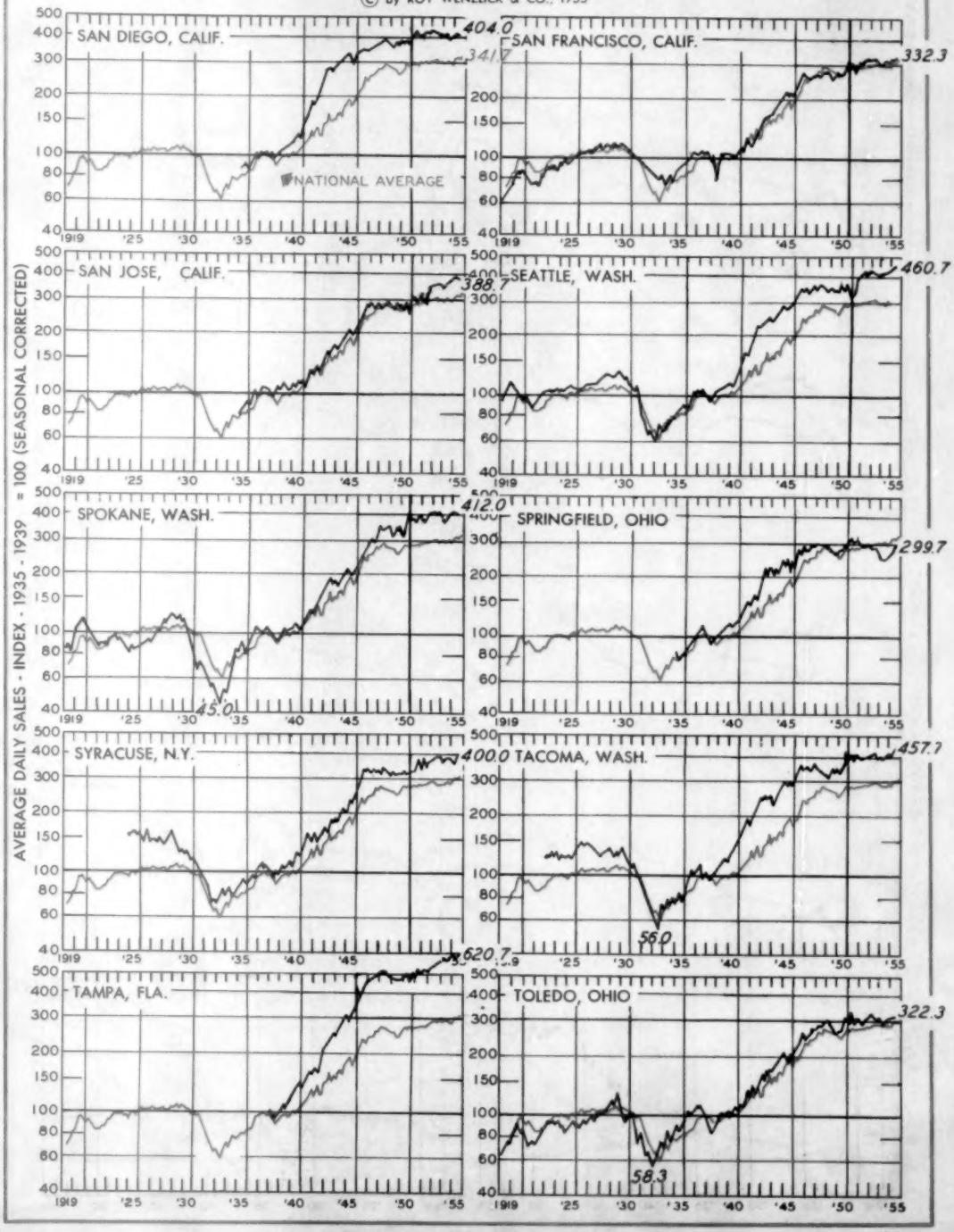
# DEPARTMENT STORE SALES IN PRINCIPAL CITIES

© by ROY WENZLICK & CO., 1955



# DEPARTMENT STORE SALES IN PRINCIPAL CITIES

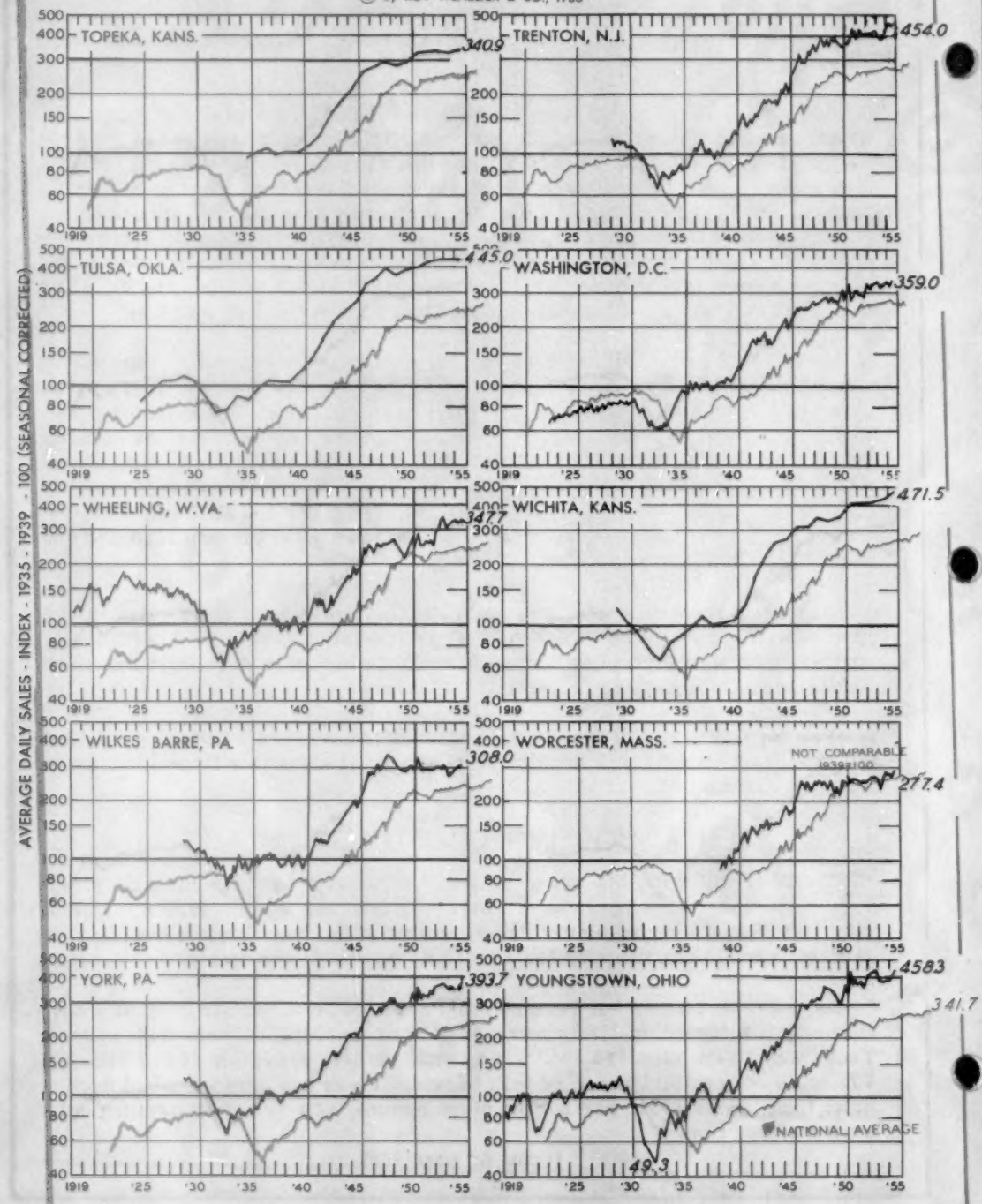
© by ROY WENZLICK & CO., 1955



# DEPARTMENT STORE SALES IN PRINCIPAL CITIES

© by ROY WENZLICK & CO., 1955

AVERAGE DAILY SALES - INDEX - 1935 - 1939 = 100 (SEASONAL CORRECTED)



## BUILDING BOOM LIFTS RETAIL SALES

(cont. from page 396)

in red. These are indexes of the average daily dollar volume of department store sales.

They are indexed on the basis of 1935-39 = 100. This means that nationally, department stores are selling about $342 worth of merchandise for every $100 they sold during the 1935-39 period. For this reason, it is not possible to compare one city with another except to say that one has shown more gain over its 1935-39 sales than another one has. Obviously, New York City has a much higher volume of department store sales than Atlanta. On the other hand, Atlanta has shown much more improvement over its 1935-39 sales rate than has New York, because Atlanta is now selling $614 worth for every $100 it sold in 1935-39, while New York stores are selling only $215 worth now for every $100 sold then.

Of these 80 cities, 47 have been running well above the national average during the postwar period. Nearly all of these are in the South or West. York, Syracuse, Trenton, and Erie are the only eastern cities that have been so fortunate. Those cities where department store sales have closely followed the national average are mostly in the East and Midwest. Only 4 out of 22 are western cities. Of the 11 cities where department store sales have consistently lagged the national average, only 4 are west of the Alleghenies. They are St. Paul, Chicago, Peoria, and Springfield, Ohio. The other 7 are along the eastern seaboard and north of the Potomac.

Generally speaking, then, you could say that department store sales, and a good many other economic indicators, follow population growth, and particularly migratory population growth. This is something which most of us know but which we are sometimes inclined to overlook.

For the remainder of this year the outlook for nearly all lines is good, and for 1956, too. It will be a disappointing season if sales this December fail to reach an alltime high.

## RENTAL HOUSING CONSTRUCTION LAGS

THERE will probably never be another rental housing building boom approaching the magnitude of that in the late and middle 1920's. During the 1925-29 period almost 45% of all new dwelling units were built to rent. In 1928, rental units made up 48% of all new dwelling units started.

In contrast, the postwar building boom has seen rental construction at a continuously low level. In 1946, under rent controls only 11% were built to rent. There was a slow climb to 1949 when, with the help of Section 608 of Title VI, 20% of all residential units were built to rent. There has been a gradual decline since then, and in 1954, with 608 out of the picture, only 10% of all dwelling units were built for rent.

(cont. on page 409)

# BUILDING COSTS OF A THIRTY-FAMILY REINFORCED CONCRETE APARTMENT HOUSE BUILT IN SAINT LOUIS

## MATERIAL

1. Cost of face brick, dobies, flue lining, terra cotta, cut stone, marble and tile.
2. Cost of concrete, claytile and reinforcing.
3. Cost of all plastering materials.
4. Cost of all lumber, flooring, millwork, roofing, paint, etc.
5. Cost of all materials for plumbing, heating, electrical work, sheet metal work, iron work, hardware and special equipment.
6. TOTAL MATERIAL COST.

## LABOR

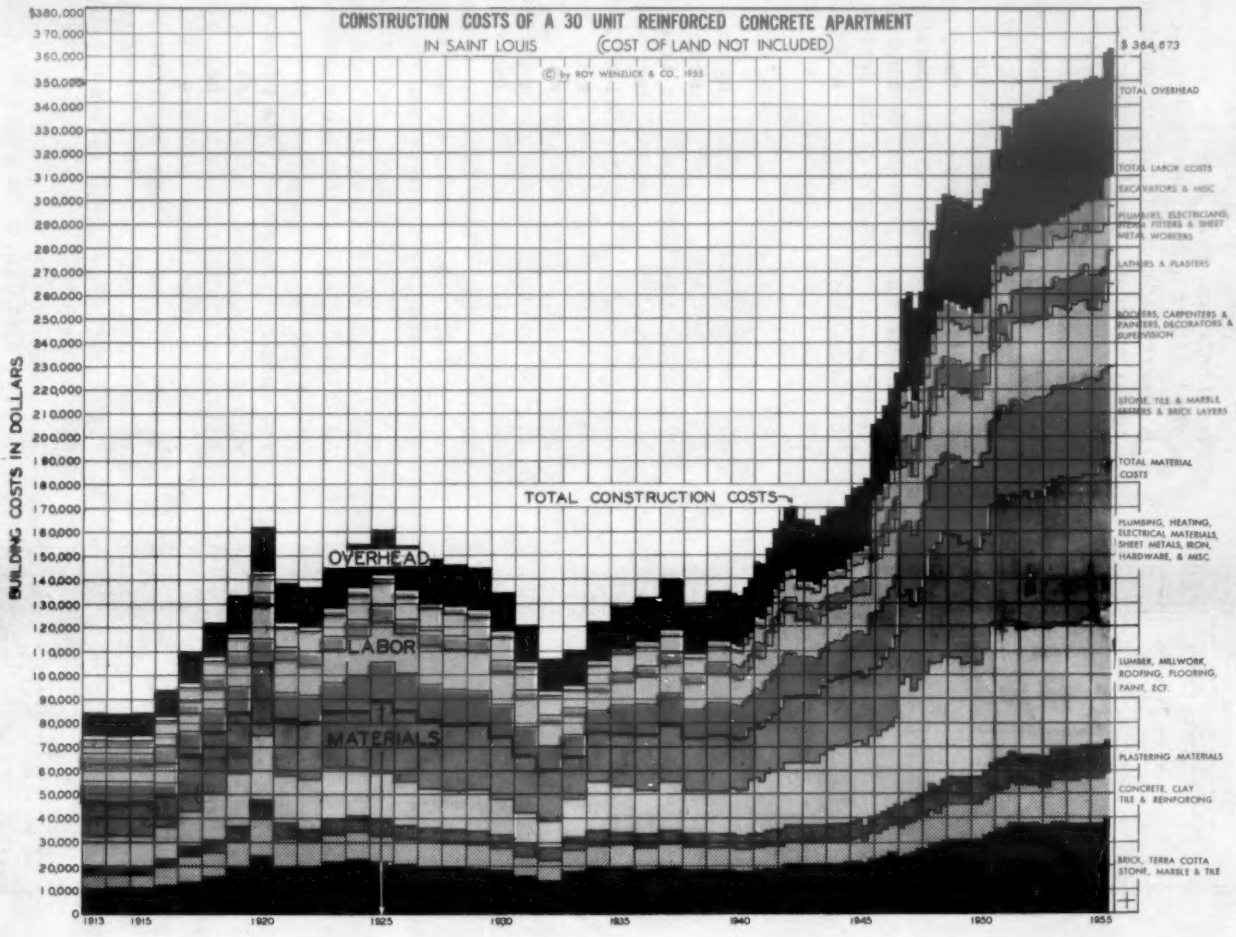
7. Cost of setting all stone, tile and marble and laying all brick.
8. Cost of carpentry, roofing, flooring, painting, decorating, and builder 's general supervision.
9. Cost of labor on plastering.
10. Cost of installing plumbing material and fixtures, wiring, heating plant and sheet metal work.
11. Cost of excavation and miscellaneous.
12. TOTAL LABOR COST.

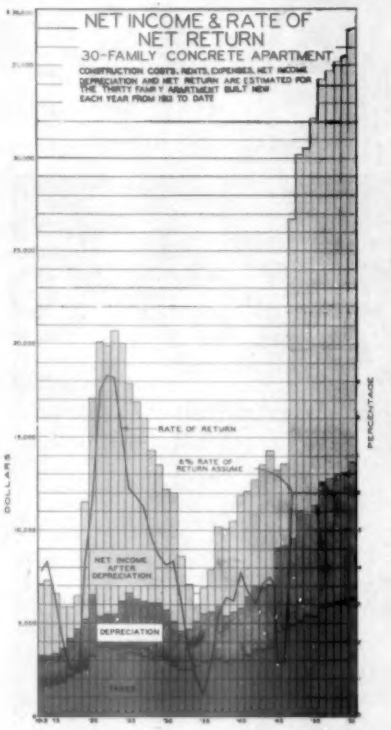
## OVERHEAD

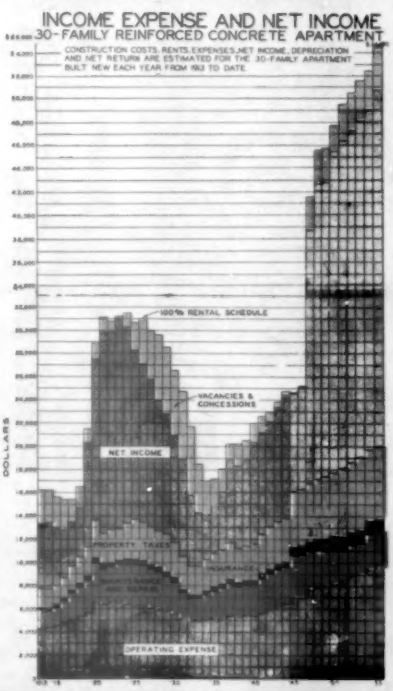
13. TOTAL OVERHEAD COST. This item includes cost of all city permits, utility connection costs, plans and engineering fees; cost of interest during construction and taxes and insurance; and estimated profit made by the builder - 7%.
14. TOTAL COST OF CONSTRUCTION.

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | Cu. ft. cost | Sq. ft. cost |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1913 | $10,584 | $ 5,977 | $ 3,642 | $12,537 | $14,815 | $47,555 | $ 7,987 | $ 7,217 | $ 4,630 | $ 5,367 | $1,900 | $27,101 | $ 9,980 | $ 84,564 | 27.9¢ | $ 3.96 |
| 1914 | 10,654 | 5,427 | 3,642 | 12,659 | 13,865 | 46,247 | 7,987 | 7,277 | 4,630 | 5,367 | 1,900 | 27,161 | 9,798 | 83,206 | 27.4 | 3.89 |
| 1915 | 10,994 | 5,487 | 3,642 | 12,640 | 14,260 | 47,023 | 7,957 | 7,277 | 4,595 | 5,597 | 1,900 | 27,326 | 9,983 | 84,332 | 27.8 | 3.95 |
| 1916 | 12,184 | 7,389 | 3,587 | 13,336 | 18,296 | 54,792 | 8,307 | 7,326 | 4,690 | 5,777 | 1,900 | 28,000 | 10,918 | 93,710 | 30.9 | 4.38 |
| 1917 | 13,534 | 10,693 | 4,025 | 14,100 | 23,867 | 66,219 | 9,417 | 7,953 | 4,880 | 5,954 | 1,900 | 30,104 | 12,543 | 108,866 | 35.9 | 5.09 |
| 1918 | 15,724 | 10,157 | 5,396 | 19,330 | 25,974 | 76,581 | 9,574 | 8,600 | 5,020 | 6,084 | 1,900 | 31,178 | 13,763 | 121,522 | 40.0 | 5.69 |
| 1919 | 19,574 | 11,385 | 6,014 | 22,046 | 25,679 | 84,698 | 10,698 | 9,230 | 5,330 | 6,326 | 2,120 | 33,704 | 15,033 | 133,435 | 44.0 | 6.24 |
| 1920 | 24,210 | 15,110 | 7,938 | 27,558 | 30,608 | 105,424 | 10,351 | 13,261 | 5,090 | 7,414 | 2,710 | 38,826 | 17,953 | 162,203 | 53.4 | 7.59 |
| 1921 | 20,193 | 11,220 | 6,890 | 19,912 | 24,134 | 82,349 | 11,101 | 13,483 | 5,450 | 7,527 | 2,710 | 40,271 | 15,958 | 138,578 | 45.7 | 6.48 |
| 1922 | 20,281 | 10,010 | 6,359 | 20,818 | 23,655 | 81,123 | 11,024 | 12,528 | 5,560 | 8,044 | 2,710 | 39,866 | 15,838 | 136,827 | 45.1 | 6.40 |
| 1923 | 22,230 | 11,005 | 6,385 | 21,905 | 23,910 | 85,435 | 11,933 | 13,696 | 5,560 | 8,560 | 3,100 | 42,849 | 16,683 | 144,967 | 47.8 | 6.78 |
| 1924 | 23,130 | 10,955 | 6,730 | 19,885 | 24,583 | 85,283 | 14,538 | 16,213 | 6,840 | 10,087 | 3,380 | 51,058 | 17,918 | 154,259 | 50.8 | 7.22 |
| 1925 | 22,210 | 10,785 | 6,678 | 19,305 | 30,898 | 89,876 | 15,832 | 16,360 | 6,910 | 9,497 | 3,380 | 51,979 | 18,828 | 160,683 | 52.9 | 7.52 |
| 1926 | 21,046 | 10,240 | 6,029 | 18,192 | 30,475 | 85,982 | 15,162 | 16,440 | 6,100 | 9,205 | 3,380 | 50,287 | 18,323 | 154,592 | 50.9 | 7.23 |
| 1927 | 20,231 | 10,020 | 6,078 | 16,494 | 28,996 | 81,819 | 14,995 | 16,380 | 6,000 | 9,062 | 3,380 | 49,817 | 17,607 | 149,243 | 49.2 | 6.98 |
| 1928 | 19,754 | 10,020 | 5,893 | 16,227 | 28,035 | 79,929 | 14,474 | 16,380 | 5,720 | 9,315 | 3,380 | 49,269 | 17,347 | 146,545 | 48.3 | 6.86 |
| 1929 | 19,120 | 10,160 | 5,631 | 17,067 | 28,385 | 80,363 | 13,598 | 16,462 | 5,074 | 9,306 | 3,477 | 47,917 | 16,979 | 145,259 | 47.9 | 6.80 |
| 1930 | 18,630 | 8,973 | 5,952 | 14,737 | 26,499 | 74,791 | 13,469 | 13,536 | 4,537 | 9,296 | 3,160 | 43,998 | 16,106 | 134,895 | 44.4 | 6.31 |
| 1931 | 16,426 | 7,629 | 5,719 | 12,847 | 24,066 | 66,887 | 11,800 | 11,641 | 3,960 | 9,285 | 2,370 | 39,056 | 14,578 | 120,521 | 39.7 | 5.64 |
| 1932 | 14,416 | 8,015 | 5,796 | 11,813 | 21,354 | 61,394 | 9,819 | 10,090 | 3,270 | 7,826 | 2,080 | 33,085 | 13,075 | 107,554 | 35.4 | 5.03 |
| 1933 | 18,150 | 8,650 | 5,570 | 15,500 | 18,030 | 65,900 | 9,180 | 8,010 | 3,000 | 7,460 | 1,970 | 29,620 | 14,932 | 110,452 | 36.4 | 5.17 |
| 1934 | 19,950 | 9,050 | 6,600 | 19,890 | 21,100 | 76,590 | 9,180 | 8,010 | 3,000 | 7,460 | 1,970 | 29,620 | 15,922 | 122,132 | 40.3 | 5.71 |
| 1935 | 19,950 | 8,930 | 6,486 | 18,800 | 22,150 | 76,316 | 11,880 | 9,980 | 3,805 | 7,460 | 2,250 | 35,375 | 17,524 | 129,215 | 42.6 | 6.05 |
| 1936 | 19,480 | 9,180 | 5,700 | 17,600 | 23,250 | 75,210 | 12,700 | 11,650 | 4,300 | 7,460 | 2,815 | 38,925 | 18,531 | 132,666 | 43.7 | 6.21 |
| 1937 | 20,400 | 9,500 | 5,845 | 20,290 | 23,600 | 79,635 | 13,300 | 12,880 | 4,145 | 6,685 | 2,815 | 39,825 | 20,900 | 140,360 | 46.2 | 6.57 |
| 1938 | 18,620 | 9,300 | 5,670 | 17,770 | 22,420 | 73,870 | 11,750 | 11,100 | 3,820 | 6,100 | 2,250 | 35,020 | 19,775 | 128,665 | 42.4 | 6.02 |
| 1939 | 18,600 | 9,190 | 5,760 | 17,680 | 23,720 | 74,950 | 13,620 | 11,825 | 5,190 | 6,100 | 2,720 | 39,455 | 20,680 | 135,085 | 44.5 | 6.32 |
| 1940 | 18,225 | 9,188 | 5,865 | 19,688 | 21,923 | 74,889 | 13,843 | 11,280 | 5,505 | 6,478 | 2,815 | 39,921 | 21,115 | 135,925 | 44.8 | 6.36 |
| 1941 | 19,223 | 9,305 | 6,288 | 23,238 | 22,850 | 80,904 | 16,013 | 14,415 | 6,088 | 7,183 | 3,765 | 47,464 | 23,484 | 151,852 | 50.0 | 7.11 |
| 1942 | 20,657 | 9,503 | 6,704 | 25,340 | 27,825 | 90,029 | 17,683 | 16,145 | 6,260 | 7,888 | 3,905 | 51,881 | 25,627 | 167,537 | 55.2 | 7.84 |
| 1943 | 21,046 | 9,560 | 6,633 | 26,675 | 28,500 | 92,414 | 15,910 | 14,400 | 6,105 | 6,910 | 3,800 | 47,125 | 24,966 | 164,505 | 54.2 | 7.70 |

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ja | 1944 | 21,046 | 9,560 | 6,910 | 31,250 | 28,500 | 97,266 | 15,500 | 13,900 | 6,000 | 6,910 | 3,800 | 46,110 | 25,419 | 168,795 | 55.6 | 7.90 |
| Ap | 1944 | 21,046 | 9,560 | 6,910 | 32,450 | 28,500 | 98,466 | 15,500 | 13,900 | 6,000 | 6,910 | 3,800 | 46,100 | 25,580 | 170,156 | 56.1 | 7.96 |
| Jl | 1944 | 21,046 | 9,560 | 7,000 | 32,450 | 28,500 | 98,556 | 15,500 | 13,900 | 6,000 | 6,910 | 3,800 | 46,100 | 25,593 | 170,259 | 56.1 | 7.97 |
| O | 1944 | 22,000 | 9,920 | 7,000 | 32,450 | 28,500 | 99,870 | 16,850 | 13,900 | 6,000 | 6,910 | 5,340 | 49,000 | 26,367 | 175,237 | 57.7 | 8.20 |
| Ja | 1945 | 22,400 | 9,920 | 7,000 | 33,100 | 28,500 | 100,920 | 17,220 | 15,200 | 6,000 | 6,910 | 5,340 | 50,670 | 26,850 | 178,440 | 58.8 | 8.35 |
| Ap | 1945 | 22,400 | 10,150 | 7,000 | 33,100 | 28,500 | 101,150 | 17,220 | 15,200 | 6,000 | 6,910 | 5,340 | 50,670 | 26,881 | 178,701 | 58.9 | 8.36 |
| Jl | 1945 | 21,425 | 9,574 | 6,825 | 33,619 | 28,403 | 99,846 | 17,315 | 16,637 | 7,308 | 8,054 | 5,347 | 54,661 | 27,855 | 182,362 | 60.1 | 8.53 |
| O | 1945 | 23,466 | 10,373 | 6,994 | 33,437 | 28,403 | 102,673 | 23,243 | 22,292 | 8,632 | 10,936 | 6,196 | 71,299 | 31,615 | 205,587 | 67.7 | 9.62 |
| Ja | 1946 | 23,487 | 10,485 | 7,047 | 33,437 | 29,073 | 103,509 | 23,243 | 22,292 | 8,998 | 10,936 | 6,196 | 71,665 | 31,833 | 207,007 | 68.2 | 9.69 |
| Ap | 1946 | 24,982 | 10,639 | 7,047 | 33,837 | 30,475 | 106,980 | 25,321 | 22,292 | 9,199 | 10,936 | 6,196 | 73,944 | 32,785 | 213,709 | 70.4 | 10.00 |
| Jl | 1946 | 26,623 | 11,039 | 7,054 | 34,220 | 32,303 | 111,239 | 25,427 | 23,729 | 9,199 | 10,936 | 6,196 | 75,487 | 33,650 | 220,376 | 72.6 | 10.31 |
| O | 1946 | 26,623 | 11,346 | 7,789 | 35,984 | 34,650 | 116,392 | 25,427 | 23,729 | 9,479 | 11,506 | 6,196 | 76,337 | 34,492 | 227,221 | 74.9 | 10.63 |
| Ja | 1947 | 24,613 | 12,378 | 9,399 | 51,120 | 36,814 | 133,624 | 28,505 | 25,482 | 11,084 | 13,964 | 6,591 | 85,626 | 38,704 | 257,954 | 85.0 | 12.07 |
| Ap | 1947 | 25,400 | 12,278 | 9,399 | 52,300 | 36,400 | 135,777 | 28,505 | 25,482 | 11,084 | 13,964 | 6,591 | 85,626 | 39,072 | 260,475 | 85.8 | 12.19 |
| Jl | 1947 | 25,510 | 12,700 | 9,405 | 46,100 | 36,200 | 129,915 | 28,505 | 25,482 | 11,084 | 13,964 | 6,591 | 85,626 | 38,282 | 253,823 | 83.6 | 11.88 |
| O | 1947 | 27,250 | 13,025 | 9,420 | 48,500 | 38,000 | 136,195 | 28,505 | 25,482 | 11,084 | 13,964 | 6,591 | 85,626 | 39,078 | 260,899 | 86.0 | 12.21 |
| Ja | 1948 | 27,450 | 13,400 | 10,400 | 50,450 | 39,600 | 141,300 | 31,800 | 26,600 | 11,470 | 14,190 | 8,180 | 92,240 | 41,186 | 274,726 | 90.4 | 13.85 |
| Ap | 1948 | 28,950 | 14,040 | 10,900 | 50,500 | 47,510 | 151,900 | 31,800 | 26,600 | 11,470 | 14,190 | 8,180 | 92,240 | 42,602 | 286,742 | 94.5 | 13.42 |
| Jl | 1948 | 29,400 | 13,950 | 10,900 | 51,500 | 49,600 | 155,350 | 33,400 | 28,350 | 12,200 | 15,500 | 8,320 | 97,770 | 44,154 | 297,274 | 97.9 | 13.91 |
| O | 1948 | 30,500 | 14,400 | 11,250 | 51,000 | 52,700 | 159,850 | 33,400 | 28,350 | 12,200 | 15,500 | 8,320 | 97,770 | 44,875 | 302,495 | 99.7 | 14.15 |
| Ja | 1949 | 31,200 | 14,700 | 11,250 | 50,100 | 51,600 | 158,850 | 33,400 | 28,350 | 12,200 | 15,500 | 8,320 | 97,770 | 44,674 | 301,294 | 99.3 | 14.10 |
| Ap | 1949 | 31,200 | 14,700 | 11,250 | 49,600 | 51,300 | 158,050 | 33,400 | 28,350 | 12,200 | 15,500 | 8,320 | 97,770 | 44,564 | 300,384 | 99.0 | 14.05 |
| Jl | 1949 | 31,200 | 14,700 | 11,250 | 46,900 | 50,800 | 154,850 | 34,200 | 28,700 | 12,150 | 15,850 | 8,320 | 99,220 | 44,257 | 298,327 | 98.3 | 13.96 |
| O | 1949 | 31,200 | 14,700 | 11,250 | 47,510 | 50,800 | 155,460 | 34,200 | 28,700 | 12,150 | 15,850 | 8,320 | 99,220 | 44,428 | 299,108 | 98.5 | 14.00 |
| Ja | 1950 | 31,200 | 14,700 | 11,250 | 47,510 | 48,000 | 152,660 | 34,200 | 28,700 | 12,150 | 15,850 | 8,320 | 99,220 | 43,831 | 295,711 | 97.4 | 13.84 |
| Ap | 1950 | 31,200 | 14,750 | 11,250 | 47,510 | 48,000 | 152,710 | 34,200 | 28,700 | 12,150 | 15,850 | 8,320 | 99,220 | 44,146 | 296,076 | 97.5 | 13.85 |
| Jl | 1950 | 33,116 | 15,203 | 11,250 | 50,484 | 48,994 | 158,997 | 34,261 | 29,111 | 12,150 | 15,850 | 8,320 | 99,692 | 45,115 | 303,804 | 100.1 | 14.21 |
| O | 1950 | 34,326 | 15,555 | 13,017 | 58,233 | 50,070 | 171,201 | 35,949 | 29,148 | 12,859 | 15,833 | 8,416 | 102,205 | 47,283 | 320,689 | 105.7 | 15.01 |
| Ja | 1951 | 35,336 | 15,892 | 13,017 | 55,631 | 52,143 | 172,019 | 36,358 | 31,285 | 12,853 | 15,823 | 8,450 | 104,769 | 47,763 | 324,551 | 106.9 | 15.19 |
| Ap | 1951 | 35,336 | 16,271 | 13,571 | 57,650 | 53,514 | 176,342 | 37,784 | 31,285 | 12,853 | 15,823 | 8,450 | 106,195 | 48,800 | 331,337 | 109.2 | 15.50 |
| Jl | 1951 | 35,336 | 16,271 | 13,571 | 54,667 | 53,514 | 173,359 | 37,784 | 31,285 | 12,853 | 16,118 | 8,450 | 106,490 | 48,457 | 328,306 | 108.2 | 15.36 |
| O | 1951 | 37,525 | 16,814 | 13,571 | 54,667 | 53,514 | 176,091 | 40,346 | 33,620 | 13,695 | 16,118 | 9,295 | 113,074 | 50,186 | 339,351 | 111.8 | 15.88 |
| Ja | 1952 | 37,525 | 16,804 | 13,571 | 53,539 | 56,104 | 177,543 | 40,346 | 33,620 | 13,695 | 16,118 | 9,295 | 113,074 | 50,382 | 340,999 | 112.3 | 15.96 |
| Ap | 1952 | 37,525 | 16,804 | 13,571 | 53,212 | 55,129 | 176,241 | 40,346 | 33,620 | 13,695 | 16,974 | 9,295 | 113,930 | 50,381 | 340,552 | 112.2 | 15.93 |
| Jl | 1952 | 37,525 | 16,804 | 13,571 | 54,176 | 55,647 | 177,723 | 40,346 | 33,620 | 13,695 | 16,974 | 9,295 | 113,930 | 50,581 | 342,234 | 112.7 | 16.01 |
| O | 1952 | 37,525 | 16,927 | 13,571 | 54,176 | 55,525 | 177,724 | 40,346 | 33,620 | 13,695 | 17,554 | 9,295 | 114,510 | 50,700 | 342,934 | 113.0 | 16.05 |
| Ja | 1953 | 37,525 | 16,927 | 13,571 | 54,176 | 55,525 | 177,724 | 40,846 | 33,620 | 13,695 | 17,554 | 9,859 | 115,574 | 50,921 | 344,210 | 113.4 | 16.11 |
| Ap | 1953 | 38,051 | 17,603 | 13,927 | 53,394 | 58,238 | 181,213 | 40,846 | 33,620 | 13,695 | 17,554 | 9,859 | 115,574 | 51,393 | 348,180 | 114.7 | 16.29 |
| Jl | 1953 | 38,051 | 17,654 | 13,927 | 53,339 | 58,268 | 181,239 | 40,846 | 33,620 | 13,695 | 17,554 | 9,859 | 115,574 | 51,396 | 348,209 | 114.7 | 16.29 |
| O | 1953 | 38,051 | 17,613 | 13,927 | 52,902 | 59,609 | 182,102 | 40,846 | 33,620 | 13,695 | 17,554 | 9,859 | 115,574 | 51,456 | 349,132 | 115.0 | 16.34 |
| Ja | 1954 | 38,114 | 17,746 | 14,114 | 52,902 | 59,609 | 182,485 | 40,846 | 33,620 | 13,695 | 17,554 | 9,859 | 115,574 | 51,566 | 349,625 | 115.2 | 16.36 |
| Ap | 1954 | 38,114 | 17,746 | 14,114 | 52,338 | 59,944 | 182,256 | 40,846 | 33,620 | 14,250 | 17,554 | 9,859 | 116,129 | 51,648 | 350,033 | 115.3 | 16.38 |
| Jl | 1954 | 38,114 | 17,746 | 14,114 | 52,286 | 59,944 | 182,204 | 40,846 | 33,620 | 14,250 | 17,554 | 9,859 | 116,129 | 51,639 | 349,972 | 115.3 | 16.38 |
| O | 1954 | 38,114 | 18,053 | 14,114 | 53,279 | 59,884 | 183,444 | 40,846 | 33,620 | 14,250 | 17,554 | 9,859 | 116,129 | 51,809 | 351,382 | 115.8 | 16.44 |
| Ja | 1955 | 38,114 | 18,053 | 14,114 | 53,279 | 59,884 | 183,444 | 41,195 | 33,620 | 14,353 | 17,692 | 9,859 | 116,719 | 51,930 | 352,093 | 116.0 | 16.47 |
| Ap | 1955 | 38,114 | 18,179 | 14,114 | 52,933 | 59,884 | 183,224 | 40,701 | 33,923 | 14,468 | 17,374 | 9,859 | 116,325 | 51,819 | 351,368 | 115.7 | 16.44 |
| Jl | 1955 | 40,808 | 18,668 | 14,156 | 55,158 | 60,920 | 189,710 | 41,301 | 35,478 | 14,640 | 18,474 | 10,437 | 120,330 | 53,521 | 363,561 | 119.8 | 17.01 |
| S | 1955 | 40,808 | 18,995 | 14,156 | 55,223 | 61,407 | 190,688 | 41,301 | 35,478 | 14,640 | 18,474 | 10,437 | 120,330 | 53,655 | 364,673 | 120.1 | 17.06 |


CONSTRUCTION COSTS OF A 30 UNIT REINFORCED CONCRETE APARTMENT
IN SAINT LOUIS (COST OF LAND NOT INCLUDED)
© by ROY WENZLICK & CO., 1955
BUILDING COSTS IN DOLLARS
$380,000
370,000
360,000
350,000
340,000
330,000
320,000
310,000
300,000
290,000
280,000
270,000
260,000
250,000
240,000
230,000
220,000
210,000
200,000
190,000
180,000
170,000
160,000
150,000
140,000
130,000
120,000
110,000
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
1913
1915
1920
1925
1930
1935
1940
1945
1950
1955
$ 364,673
TOTAL OVERHEAD
TOTAL LABOR COSTS
EXCAVATORS & MISC
PLUMBERS, ELECTRICIANS, STEAM FITTERS & SHEET METAL WORKERS
LATHERS & PLASTERS
ROOFERS, CARPENTERS & PAINTERS, DECORATORS & SUPERVISION
STONE, TILE & MARBLE SETTERS & BRICK LAYERS
TOTAL MATERIAL COSTS
PLUMBING, HEATING, ELECTRICAL MATERIALS, SHEET METALS, IRON, HARDWARE, & MISC.
LUMBER, MILLWORK, ROOFING, FLOORING, PAINT, ECT.
PLASTERING MATERIALS
CONCRETE, CLAY TILE & REINFORCING
BRICK, TERRA COTTA STONE, MARBLE & TILE
TOTAL CONSTRUCTION COSTS
OVERHEAD
LABOR
MATERIALS


NET INCOME & RATE OF NET RETURN
30-FAMILY CONCRETE APARTMENT
CONSTRUCTION COSTS, RENTS, EXPENSES, NET INCOME, DEPRECIATION AND NET RETURN ARE ESTIMATED FOR THE THIRTY FAMILY APARTMENT BUILT NEW EACH YEAR FROM 1912 TO DATE
DOLLARS
PERCENTAGE
RATE OF RETURN
6% RATE OF RETURN ASSUME
NET INCOME AFTER DEPRECIATION
DEPRECIATION
TAXES


INCOME EXPENSE AND NET INCOME
30-FAMILY REINFORCED CONCRETE APARTMENT
CONSTRUCTION COSTS, RENTS, EXPENSES, NET INCOME, DEPRECIATION AND NET RETURN ARE ESTIMATED FOR THE 30-FAMILY APARTMENT BUILT NEW EACH YEAR FROM 1912 TO DATE
DOLLARS
100% RENTAL SCHEDULE
VACANCIES & CONCESSIONS
NET INCOME
PROPERTY TAXES
INSURANCE
OPERATING EXPENSE

(cont. from page 405)

There are two powerful reasons why builders and investors show such a marked lack of interest in building rental housing. First, for purposes of discussion though not necessarily first in importance, are the extremely favorable financing terms for the home buyer. Low-equity, long-term amortized loans frequently make the monthly payoff on a home as cheap as or cheaper than the rent on comparable apartment space. So the demand for rental units in relation to the demand for sales units has been in a long-range downward trend for a good many years.

Secondly, the cost of building rental units has been, in most cases, so high that there has been little incentive to erect them as a long-term investment. A few highly efficient and skillful builders have been able to erect rental units in the postwar period by taking advantage of the privileges of 608 financing. How many of these 608's will turn out to be sound investments remains to be seen. Some of them undoubtedly will, but a good many others will not. Nevertheless, the reason they were built in most instances was that the builders found that they could make a profit on the construction phase of the project, disregarding its long-term investment possibilities. This is exactly the same principle that home builders have always followed. They build homes to sell and get back their invested capital and their profit through their construction activity.

The cost figures on pages 406 and 407 and the charts on pages 408 and 409 show you why this is so. These costs are those of a typical builder

putting up one fireproof building, and for this reason will be somewhat higher than the unit costs of a highly efficient builder erecting a large number of more lightly constructed buildings.

The chart at the top of page 409 shows the net income and rate of net return on a new 30-family fireproof apartment building from 1913 to the present. The blue line running up and down through the chart shows the rate of net return after depreciation. In 1922 and 1923 it rose to a trifle better than 9%, but by 1935 it had shrunk to slightly more than one-half of 1 percent. This is, of course, why so many rental units were built in the twenties and why so few were built in the thirties.

In 1946, when rent controls on new buildings were still in force, the return on this apartment was less than 2%. This explains why so few apartments were built immediately following the war. When controls went off new construction, we changed the makeup of this chart somewhat. We assumed that a long-term investor would not be satisfied with a return of less than 6% net after depreciation. We started with this percentage and then worked backwards to see what rent schedule would be necessary to pay a return of 6% after all operating, maintenance and fixed expenses and 2% depreciation had been deducted. This is the reason our net return line on the chart runs at 6% during the 1947-55 period.

The chart shows that in order to pay this return, a rent schedule of $54,450 per year would be required. This allows for a vacancy and concession factor of 7%. A schedule this high would mean a rate per room of $44.50, or $133.50 for a three-room apartment with heat and all utilities furnished. Naturally, the maintenance expenses would not be so high during the first 5 or 10 years of the building's life. Therefore, this schedule is on the high side for a new building. However, the long-term investor must consider a building as having at least a 50-year life, and should set up his rent schedules to allow for proper maintenance.